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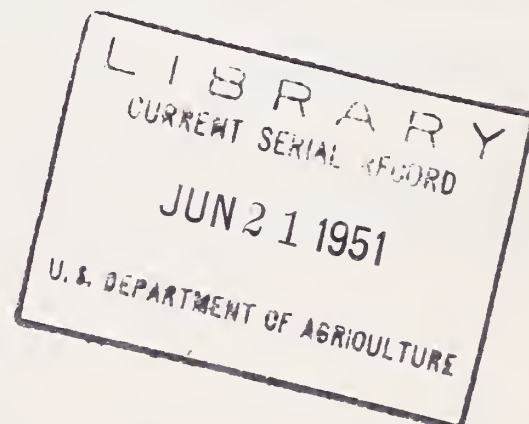
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# MARKETING ACTIVITIES



U.S. DEPARTMENT OF AGRICULTURE  
Production and Marketing Administration  
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Queries are still coming in about the story on the check-out operation in grocery stores (MARKETING ACTIVITIES for October 1950). The present article gives preliminary indications of a second phase of the over-all PMA study of efficiency in retail grocery stores--this time an evaluation of methods of receiving, price marking, and shelf stocking.

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## MARKETING ACTIVITIES

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# ✂ Farm Price Freeze ✂

By Sidney N. Gubin

The Office of Price Stabilization, on January 26, 1951, clamped a general freeze on maximum prices that may be charged for goods and services that people buy and sell. The price freeze was imposed under the so-called GCPR, or General Ceiling Price Regulation, which was aimed at holding the line, to the extent permitted by law, until "tailor made" permanent orders for individual commodities or businesses could be issued.

Generally, the GCPR froze prices by prohibiting all sellers of goods, except under certain conditions, from charging more than the highest price at which they made deliveries in the base period of December 19, 1950, through January 25, 1951.

For nonagricultural commodities, the GCPR generally meant a positive freeze on all selling prices. Thus, a person could not increase his selling price above his highest base period price, except where specifically authorized.

In the case of agricultural commodities, however, the extent to which the freeze applied depended upon whether the price of the commodity sold or used to produce a processed item was above or below a specified price--the so-called legal minimum.

## Ceiling Price Minimums

Under the Defense Production Act of 1950, ceiling prices for agricultural commodities cannot be established at less than this legal minimum price set at the higher of either the market price in the pre-Korean period, May 24-June 24, 1950, or the current parity price, as determined by the Secretary of Agriculture and adjusted by him for appropriate grade, season and location differential. For most commodities, the legal minimum is parity; major exceptions are cattle, calves, lambs, and soybeans.

These GCPR farm price provisions do not mean that all agricultural commodities and products processed from them are free from control, nor that large price increases in agricultural commodities can take place before controls can be instituted. On the contrary, foods completely controlled under the GCPR and in other regulations represent about 40 percent of the retail food cost as reported by the Bureau of Labor Statistics, U. S. Department of Labor. In addition, processing and distributing margins on most other foods are frozen. While 60 percent of the retail food cost is not subject to complete control because prices are below parity, it is estimated that retail food costs would increase only about 5 percent and the BLS consumers' price index as a whole by only about 1.5

percent if all agricultural commodities increased to parity and the dollars and cents increases were passed on to consumers. In view of large potential supplies, it is considered highly unlikely that all food costs will jump to parity.

No summary will substitute for actual reading of the GCPR since, with all its supplements, amendments, and interpretations, it is an extremely complicated regulation. Nevertheless, the following discussion deals with some of the more important general features of the GCPR and other price regulations as of early May relating to agricultural commodities.

To find the price control status of a specific commodity, you must look at other price regulations in addition to the GCPR itself. The GCPR does not contain a list of the commodities specifically frozen. Prices of all commodities are covered by the GCPR except those for which either (a) specific dollars and cents price ceilings, specific markups, or special formulas have been established under other regulations (see the CPR's--the ceiling price regulations); or (b) a specific exemption has been granted in section 14 of the GCPR or under supplementary orders, amendments and general overriding regulations to the GCPR.

### "Tailor Made" Regulations

A large number of commodities processed from agricultural commodities and a limited number of unprocessed agricultural commodities have been taken out from under the GCPR and controlled instead by "tailor made" regulations which specify uniform dollars and cents prices applicable to specific commodities and areas. The number of these regulations is expected to increase in line with the OPS policy of replacing "frozen prices" with "tailor made" regulations as soon as feasible. In general, under these regulations buyers have little difficulty in determining the ceiling price. They merely refer to the regulation to find the price uniformly applicable to all sellers. Any differences in ceilings between sellers usually depend upon the geographical location or, in some cases, the size of the business.

The more important of the uniform dollars and cents or "tailor made" regulations applicable to agricultural commodities and the levels of distribution controlled include:

a. The unprocessed agricultural commodities of upland cotton and soybeans from farmer to consumer; wool and mohair at all levels other than farmer; beef cattle, applying to the average price paid by packers; and green coffee and raw cocoa beans, effective on exchange transactions only.

b. The processed agricultural commodities of beef, applying to retailers; beef, cottonseed oil, soybean oil, corn oil, inedible tallow and grease, applying to wholesalers; beef, soybean meal, milled rice, shortening, salad oil, cottonseed oil, soybean oil, corn oil, inedible tallow and grease, applying to processors. Beef is the only processed commodity controlled by dollars and cents prices at the processor, wholesaler, and retailer levels.



Other processed agricultural commodities and foods have been taken out from under the GCPR and controlled by regulations which specify either markups or formulas to be used in computing ceiling prices. These markup or formula regulations are intermediate steps between the "tailor made" uniform dollars and cents ceiling prices and the GCPR frozen prices. They differ from the uniform prices in that only markups are frozen. Thus, prices may differ between individual sellers, depending upon differences in the distributors' purchase prices and differences in manufacturing costs. Prices also may vary from day to day since distributors are permitted to pass on any increase in purchase price, and processors are permitted to pass on any increase in the cost of agricultural commodities used in the product, as long as such agricultural commodities are below the legal minimum.

### Specific Regulations

The principal special markup and formula regulations applying to distributors and processors of foods are these:

Distributor regulations - Uniform percentage markups have been prescribed for use in computing wholesale and retail sales prices for about 60 percent of the food sold through grocery stores. These markups, which vary by size of retail store or type of wholesaler, are applied each week to the retailer's or wholesaler's net cost to arrive at his ceiling price. The order covers some 36 different categories of dry groceries, including canned and frozen fruits and vegetables, cereals, and canned meats. At retail it also covers two categories of perishables--butter and packaged cheese. The order does not include wholesale or retail sales of a number of major foods such as bread and freshly baked goods, fresh milk and cream, and others which still are subject to the GCPR. Fresh meat is subject to a specific dollars and cents regulation. Some other commodities, such as sugar and fresh fruits and vegetables, are completely free of price control.

Manufacturers' regulations - Formulas have been prescribed for use in computing ceiling prices by manufacturers of a large group of processed commodities, including such foods as macaroni, breakfast cereals, crackers, potato chips, and candy. All processed foods are covered by this regulation except those specifically excluded. The excluded processed items continue to be subject to the GCPR, unless a uniform dollars and cents price regulation has been issued. The formula permits a manufacturer generally to determine his ceiling price by adding to the highest price charged in a selected quarter in the year ending June 24, 1950, the increase in (1) manufacturing labor costs and (2) material costs generally to March 15, 1951. Prices of commodities processed from agricultural commodities, however, may continue to be further adjusted for increases in cost of the agricultural raw material until the price of such raw material reaches the legal minimum. The formula makes no provision for adding any increases in overhead costs since the base period.

Wholesale and retail prices of commodities processed from agricultural commodities and not covered by specific dollars and cents markup

or formula regulations still are subject to the GCPR. These processed commodities are divided into the following three groups:

Exempt from all control - A few processed commodities--sugar, liquid sugar, and a few imported oils--are completely exempt from all price control. Sugar has been removed from control because it was felt that prices could be stabilized by action taken by the Secretary of Agriculture under the Sugar Act of 1948. Imported oils were exempted from a defense standpoint.

Completely frozen - Price of processed commodities are completely frozen under the GCPR as soon as the agricultural commodity from which they are produced reaches the legal minimum, and until a specific dollars and cents ceiling or markup regulation is issued. Prices of agricultural commodities become frozen after they are considered to have reached the legal minimum either (1) when the Director of Price Stabilization announces this fact after consulting the Secretary of Agriculture, or (2) five days after the Secretary of Agriculture announces this fact by publication in "Agricultural Prices." Major foods frozen currently under the GCPR include pork, veal and lamb.

Partly frozen - Prices of processed commodities are partly frozen as long as the agricultural commodity from which they are manufactured is below the legal minimum price. The freeze is partial because it firmly controls only processor and distributor margins. The sales price of the product can rise only to the extent that either the manufacturer's cost of the agricultural commodity or the distributor's purchase price of the product goes up. This latter increase in total sales price is permitted under the so-called "parity adjustment" provision of the GCPR, section 11. This provision is necessary to enable OPS to comply with the provisions of the Defense Production Act which require price ceilings on processed commodities to reflect legal minimum prices to producers of the agricultural commodity and still freeze margins.

While this "parity adjustment" provision would permit prices of all processed commodities to continue to increase until each agricultural commodity reached its legal minimum, as indicated earlier an increase of only 5 percent in total retail food costs is involved for both unprocessed as well as processed agricultural commodities.

Many unprocessed agricultural commodities and a number of unprocessed foods currently are partly or completely exempt from price control. They fall into these three groups:

Completely exempt - Because of their perishability, administrative problems or importance to defense, some unprocessed agricultural commodities and foods are completely exempt from margin or other price control at all levels of distribution. Products processed from these commodities, however, still are subject to control under the GCPR or the manufacturers' and distributors' orders. The list of unprocessed commodities currently completely exempt includes fresh fruits, fresh vegetables, un-



shelled tree nuts, fresh fish and frozen, fresh and frozen seafood, game, American-Egyptian cotton, extra long staple cotton grown outside the United States, sugarcane, live animals (except cattle), seeds, and a large list of imported oilseeds.

Exempt only when the price is below legal minimum price - Unprocessed agricultural commodities are completely exempt from price control regardless of who sells them (e.g., producers, distributors, on commodity exchanges, etc.) as long as their price is below the legal minimum level. An unprocessed agricultural commodity is defined under the GCPR as a commodity in its raw or natural state or, if the commodity is not sold by producers generally in its raw or natural state, a commodity in its first form or state beyond the raw or natural state in which it is customarily sold by producers. A list of unprocessed agricultural commodities which currently are below the legal minimum and therefore exempt will be found in section 11 of the GCPR. In the case of eggs, popcorn, dry edible beans, and dry field peas, the exemption is limited to producers' sales only and does not apply on sales by others.

Exempt even if above legal minimum - Some unprocessed agricultural commodities which are above the legal minimum price still are exempt from price control, but usually only when sold by producers and not by others. Other such commodities, however, are controlled. Commodities above the legal minimum as of April 15 fall into these categories: (1) Exempt from control only when sold by producers--raw wool, mohair, crude pine gum, cottonseed, dried figs, dried raisins, dried prunes, and broomcorn; (2) exempt when sold by anyone in unprocessed form--lambs, sheep calves, American-Egyptian cotton, certain fresh fruits and certain fresh vegetables; (3) controlled at all levels--cotton and soybeans, coming under specific dollars and cents regulations, rough rice frozen under GCPR; and (4) controlled only with respect to average purchase price by packers--beef cattle.

Imported agricultural commodities and foods are controlled in four different ways:

They are completely frozen in price if they are a strategic commodity or a commodity essential to the basic cost of living. These include strategic items such as jute, hemp, etc., and certain foods such as tea. This freeze has been taken as temporary action until specific regulations affecting these important commodities can be issued.

They are subject to uniform dollars and cents prices in the case of green coffee, raw cocoa beans, and wool.

They are free from price control if they, or their domestic counterparts, are exempt under the GCPR.

Imported commodities not subject to the first three controls are permitted to increase in price as the cost of the commodity landed in the U. S. goes up, with only importers' or other distributors' margins frozen or subject to control.

# More Efficient Grocery Handling

By E. M. Harwell and Paul F. Shaffer

Ways to cut food retailing costs stand out as the result of research now being completed by the U.S. Department of Agriculture in cooperation with the Kroger Company of Cincinnati. An investigation of the time required by retail store employees to receive, price-mark, and stock non-perishable grocery items into the display shelves indicates findings and developments which, if put into practice in this keenly competitive industry, might increase labor productivity in these three operations by two-thirds.

The cooperative study was carried on under authority of the Research and Marketing Act of 1946. Results presented in this article are preliminary and may be modified when the final report of the project is issued.

## Receiving

Although the receiving of merchandise takes a rather small part of the total time needed to perform all three of the functions under study, substantial efficiencies were found to be possible. The receiving operations of seven typical self-service food stores were analyzed in detail. Conditions in the stores were slightly different, and problems in them had been solved or attacked by somewhat different methods.

Receiving crews of varying sizes in these stores were timed as they received merchandise in their usual manner. Next, facilities and arrangements in these stores were changed and performances under these new operations were tallied for comparison with performances under the typical operations.

Increased production resulted from the application of two principles.

First, the wheel-type roller conveyor was substituted for the usual 2-wheel and 4-wheel trucks wherever possible. Second, the back room was laid out in such a way that groceries could be stacked according to commodity groups, for easy price-marking later, and the stacks were so located that the farthest point in the stack was within 10 feet of the conveyor.

In the following tabulation, improved results that were obtained in the seven stores under the recommended practices are compared with results under the typical practices:



	: Typical operations	: Improved operations
Store:-	- - - - -	- - - - -
	:Size of crew:Prod.per man-hr.:	:Size of crew:Prod.per man-hr.

	<u>No.</u>	<u>Cases</u>		<u>No.</u>	<u>Cases</u>
1	5	93	<u>1/</u>	2-1/3	277
2	2	227		2	337
3	2	142		2	314
4	3	135	<u>1/</u>	2-1/3	372
5	5	73		4	207
6	5	74		4	207
7	2	105		2	335

1/ When the incoming motortruck was unloaded from its side door, two men worked in the truck and a third man worked on the floor beside it. When grocery items were stacked on both sides of the conveyor, one man worked in the truck and one man worked on each side of the conveyor. These uses of 3-man crews in some of the test work account for the statistical showing of a crew composed of 2-1/3 men in Stores 1 and 4.

Cost of the improvements in facilities, such as the conveyor, is of course a large factor in a decision whether to make these changes. The costs of making the changes will be examined in the final report on the project. The main purpose of this paper is to compare labor productivity under the typical and the recommended methods of receiving, price-marking, and stocking in the retail food stores.

### Price-Marking

Price-marking required about one-third of the total time used to perform the three functions of receiving, price-marking, and stocking. The researchers made two contributions in their examination of price-marking. First, they investigated several of the methods of price-marking merchandise that are ordinarily used in food stores, and found out which was the most efficient in labor time. Second, they introduced new methods of price-marking and compared the results with those obtained under the ordinary price-marking methods.

Cartons containing only a single layer of merchandise units (cans, for example) are price-stamped in about the same way in nearly all food stores. That is, the carton top is lifted or cut off and the price is stamped on each of the exposed items. But when there are two, three, or four layers of units in the carton, several price-marking methods are in common use. The efficiency of four of these methods was investigated.

One of the procedures for stamping items in a carton containing more than one layer of units is as follows: Cut off the carton top and rubber-stamp the price on each of the exposed unit tops in the top layer. To get at the second layer, the worker removes from the carton the first row of three or four units, and stamps unit tops of the second layer that are thus uncovered. Then he pushes sideways the units of the top layer

second row to the places left vacant when the first-row units were removed from the carton, and stamps the exposed tops of the units of the second row, second layer. This procedure is repeated from one side of the carton to the other until units of the second layer are stamped and the items that formed the original row are restored to the carton. The investigation of this method gave a score of 38.1 cartons price-stamped per man-hour. A 3-layer carton is cut apart between the first and second layer and treated as a 1-layer carton and a 2-layer carton. A 4-layer carton is cut in half and treated as two 2-layer cartons.

The second stamping method investigated was the use of the "flip-board" table. The flipboard table is a device for preventing grocery items from falling out of an opened carton when the carton is turned upside down. The procedure tested was to remove the carton top, price-mark the top layer of items, use the flipboard to turn the carton with its contents upside down, lift off the carton and price-mark what originally was the bottom layer of items, replace the carton over the items, and turn the carton and contents back to the original right-side-up position. When this method was tested, 42.7 cartons were price-stamped per man-hour. In handling 3- and 4-layer cartons the same procedure of splitting cartons is followed as was described in the preceding paragraph.

The third stamping method tested was used only with 2-layer cartons. The two layers were split apart, and each layer was price-stamped as if it were a 1-layer carton with the lid removed. The rate of this work was 50.7 cartons per man-hour. It should be pointed out here that the additional time required to handle these split cartons later, when the contents were stocked into the shelves, substantially offset this saving in price-marking labor.

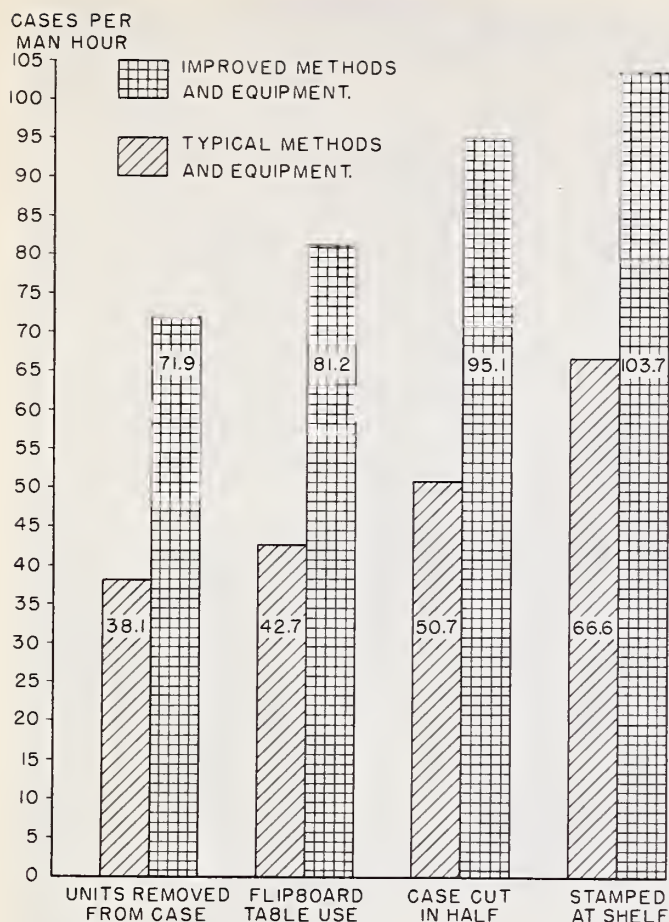
The work of stamping prices under the three customary methods of price-marking thus far discussed is done in the back room. Under the fourth typical price-marking method, the stamping is done at the shelves in the store proper. The prices are stamped on the items at the time they are placed on the shelves. Of the four price-stamping methods tested, this gave the greatest results for the labor used--66.6 cartons per man-hour.

So much for the evaluation of four ordinary methods of price-marking. In addition, the investigators suggest methods which, when used in connection with any of the four methods, will considerably increase the rate of price-marking under that method:

1. In the study, the time for price-marking one carton included the time it took the employee to find and remove the kind of carton he wanted from unsegregated stacks of merchandise, to open the carton and stamp the items. (For cartons stamped at the shelf rather than in the back room, the time required to load merchandise on the 2-wheel hand truck was included as part of the stamping operation.)

Against this usual method of stamping, the investigators also observed what happened when the cartons were removed from segregated stacks





of merchandise--segregated into department groups at the time they were received--and moved on roller conveyors to the stamping table. (Cases to be stamped at the shelf were moved on 4-wheel trucks from the segregated stacks in the back room to the shelves in the store proper.)

The accompanying chart indicates the results of the composite application of improved methods and equipment in the price-marking operation.

2. A second improvement in the price-marking operation is the use of an individual price stamp set. This is a set of about 50 stamps containing the price figures most frequently used. It is used instead of the traditional band stamp. An additional average increase of about 25 percent in man-hour productivity was obtained by the proper use of self-inking

price-marking sets. These sets also contain the price figures most frequently used.

3. A third improvement is the use of a 1-for-3 or a 1-for-4 method of stamping. The ink pad is struck after every third or fourth unit is stamped, rather than after the stamping of each unit.

4. A fourth improvement, after price-marking in the back room, is to place the marked cartons on a 4-wheel truck on which they are moved to the store shelves and from which truck these items are lifted directly into the shelves.

### Stocking

The stocking of merchandise required more than half of all the time it took in the test stores to receive, price-mark, and stock goods into the shelves. Typically, cartons of grocery items are moved from the back room to the shelves in the store proper in either a 2-wheel or a 4-wheel truck. The investigators compared results with the two kinds of trucks. The 4-wheel truck proved considerably more efficient because of its large load capacity (more than twice that of the 2-wheel truck) and because its use makes it possible to stock the shelves directly from the truck. When the 2-wheel truck is used, its load has to be deposited to the floor first and then placed on the shelves; this double handling takes more time, of course.

In the typical method of stocking the shelves, the employee frequently lifts an item from the floor or the 4-wheel truck with one hand, passes it to his other hand, and with that second hand places the item on the





When a store clerk fills gaps in his shelf stock, he can set his carton on a waist-high, built-in "leaf shelf" and save the labor and time of stooping to pick up items.

shelf. When using this typical method, the average stocker tested handled 22.6 cartons per man-hour. But when he used his hands properly and moved the items directly from a 4-wheel truck to the shelf, he averaged 29.4 cartons per man-hour--an increase in output of 30.1 percent.

Besides comparing the 2-wheel and the 4-wheel trucks, and the proper use of the hands with the hand-to-hand method, the investigators developed a leaf-type shelf to be built into each 3-foot length of the regular store shelf (see the illustration above). This leaf is for use during stocking in supporting cartons at a height of about 3 feet above the floor, and is conducive to proper stocking procedure (for example, correct use of the hands); it also saves the stocker the time and labor of stooping to pick up items from the truck or the floor. These leaf shelves also have been used as effective merchandising aids in moving advertised items during week-ends.

It should be pointed out again that the results obtained thus far are preliminary. It should also be said again that the study is primarily



concerned with labor productivity, and that the cost of equipment and layout modification that may be necessary to increase the productivity of labor will have to be considered before the findings, methods, and developments discussed in the study can be evaluated absolutely.

But the cost of food retailing is a very large fraction of the cost of marketing farm products. And, excluding the check-out operation, the three functions under study in the project constitute about three-fourths of the labor used in handling grocery items in a self-service retail food store.

What do the results indicate?

In only the first three of the seven stores under study were all of the suggested methods, equipment, and layout tried out in the operations of receiving, price-marking, and stocking. In Store 2 the rate of handling cartons per man-hour increased by 56 percent. In Store 3 the increase was 72 percent. In Store 1 the increase was 80 percent.

Indications like these are worth looking into.

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#### PMA RECEIVES AWARD FROM FROZEN FOOD DISTRIBUTION GROUP

PMA has been cited by the National Wholesale Frozen Food Distributor Association for "services rendered" to the young frozen food industry.

PMA Administrator Gus F. Geissler received the association's Distinguished Merit Award plaque for 1951 in behalf of PMA. The plaque was presented to a representative of the Administrator by NWFFDA Chairman William M. Walsh at the organization's annual convention at San Francisco.

The citation on the plaque states the award was made to PMA: "For its alertness in recognizing the potential benefits to rural producers and to urban consumers of reducing handicaps of seasons and distances through the quick-freezing process; and for its progress toward developing more adequate and useful data to facilitate the Nation-wide distribution of choice frozen foods."

In the presentation address, Mr. Walsh said that the association expressed "particular appreciation" to PMA for "not only the top level decisions that have focused more attention upon our great industry, but also for the devoted attention and sympathetic analysis given to our many problems..."

He pointed out that PMA to date has established grades and standards for about 24 frozen fruits and vegetables, as well as for frozen poultry and frozen eggs, and continues to provide a voluntary inspection service for packers and wholesalers.

# State Marketing Officials Meet

Defense program problems accented the discussion of the Atlantic States Division of the National Association of Marketing Officials at its annual meeting held in Washington April 24 and 25.

At the opening morning session Gus F. Geissler, administrator of the Production and Marketing Administration, spoke on "Gearing Government Agencies for National Defense." Our agricultural policy is one of all-out production, Mr. Geissler said, especially of the items in greatest need. It is also a policy of sustained production--full production now combined with the possibility of full production in the years immediately ahead.

Discussing the PMA Office of Materials and Facilities, the administrator explained that one of its jobs is to make claims before the National Production Authority for basic materials used in the manufacture of the "tools" for agricultural production, and for those facilities necessary to food and fiber processing and marketing. Since a high production of agricultural products is one of the best ways to fight inflation in this country, Mr. Geissler said, PMA does not need to be backward in making its claims for allocation of these items.

Knox T. Hutchinson, Assistant Secretary of the United States Department of Agriculture, welcomed the NAMO members. The ties and cooperation between State marketing officials and the U. S. Department of Agriculture, based on their mutual interests, continue to become stronger, he said. Mr. Hutchinson called for increased cooperation to solve the defense problems of today. He pointed out that we cannot use what has gone before as a sure pattern for present activities, adding that today we are making an all-out production effort in a limited war.

Roy W. Lennartson, Deputy Assistant Administrator for Marketing of PMA, contrasted the marketing problems of today with those of a year ago, before the Korean crisis, and pointed out the flexibility needed in Federal-State programs in order to cope with the needs of quick-changing times.

L. B. Taylor, director of PMA's Office of Materials and Facilities, commented on the supply situation for several important materials. We will have more fertilizers this year than last, he said, but demand also will be up. The production rate for pesticides is currently running at a rate that should be sufficient to meet needs (although some substitutions may have to be made). Containers are short, and so are substitutes for the customary containers. As for tin cans, tin is short and to some



extent steel, but NPA has amended its basic tin order, M-25, to provide enough cans for all this year's perishable crops. Also on the short list are wooden and metal containers (all types of boxes and barrels and drums) and all textile bags.

After these opening talks, Leighton G. Foster, chief of the State Marketing Services Staff, PMA, led a panel discussion of marketing service work under PMA.

Earl R. Glover, Assistant to the Assistant Administrator for Marketing, PMA, described the development of the matched fund marketing service work done in the last few years under the Research and Marketing Act of 1946. Work under the act is not an expansion of services existing before the act came into existence, he said, but emphasizes refinements in marketing which are supplementary and complementary to those services. Examples are gathering and disseminating special local marketing information on probable dates of harvest, volume, and quality; and giving assistance to marketing agencies in improving the efficiency of various phases of their operations. He emphasized that the current emergency made more urgent the reexamination of all matched fund programs in terms of their probable contributions during a period of defense or mobilization. Decisions whether going programs should be cut back, or eliminated, in order to initiate new work of high priority, must depend upon an evaluation of their relative contribution to improvements in marketing during the emergency period.

L. A. Webster, director of the Massachusetts Division of Markets, discussed the advisability of setting up a new terminal market in Boston. There are 13 locations in that thickly settled area which might be used as the site of such a market, he said, according to an RMA study of the subject.

J. H. Meek, director of the Virginia Division of Markets, acted as chairman of the Tuesday afternoon session. W. D. Termohlen, director of the PMA Poultry Branch, led a panel discussion of the "Poultry and Egg Grading and Inspection Program." Mr. Termohlen announced that on July 1, the USDA end of this program will be transferred from the Dairy Branch to the Poultry Branch. Proposed revisions in present poultry grading and inspection regulations are being considered in meetings called by the Poultry Branch with representatives of the poultry industry, State departments of agriculture, Public Health Service officials, and consumer representatives. The revisions will permit the operation of Federal-State inspection and grading programs for poultry and will allow the use of lay inspectors who are either Federal or State employees. The revised regulations will prohibit the grading of any ready-to-cook poultry which has not been officially inspected for wholesomeness. Present regulations permit the grading of ready-to-cook poultry which has been inspected by a non-official inspector, such as a plant employee.

Henry G. F. Hamann, who for a number of years has been in direct charge of PMA's poultry inspection and grading work, said that he does not expect the shifting of the grading and inspection work to the Poultry Branch to cause any "major upheavals."

H. S. Shomo, a NAMO member from Virginia, said that real progress has been made in his State since the war in the grading of chickens and turkeys, and Warren Oley (N.J.) and F. W. Risher (Fla.) outlined progress in poultry grading and inspection work in their States.

Daniel J. Carey, Assistant to the Secretary of Agriculture, discussed cooperation between Federal and State agricultural agencies. He pointed out that the marketing of agricultural products presents ever-changing problems that require flexible programs for solution.

Frank E. Blood, Assistant to the Assistant Administrator for Marketing, PMA, discussed his work in bringing about uniformity of grading and terminology, and over-all coordination of all grading and inspection activities.

Miles A. Nelson, chief of the Michigan Bureau of Marketing and Enforcement, was chairman of the Wednesday morning session. K. R. Slamp, director of the Pennsylvania Bureau of Markets, led a panel discussion of enforcement of State grading laws and the possibility of securing more cooperation with Federal agencies. Mr. Slamp discussed problems of enforcing the Pennsylvania compulsory branding law.

T. C. Curry, in charge of the regulatory work in the PMA Fruit and Vegetable Branch, explained the limitations under the Perishable Agricultural Commodities Act on Federal authority to prevent misbranding. Federal inspectors cannot make inspections at will; the only action possible is one against licensees, and that under a disciplinary complaint.

J. K. Kirk, assistant to the commissioner of the Food and Drug Administration, discussed the limitations of regulatory authority under the Federal Food and Drug Act. The only quality standards that can be set up are minimum standards. And for some commodities, for example butter, no standards at all can be set up. He explained limitations on his agency's power to act against misbranding, and stressed the length of time that is often required to complete action against violators.

H. A. Dwinell, Director of Markets in Vermont, discussed the compulsory grading laws in his State. He advised regulatory officials to give ample publicity to the fact that regulation is in part for the benefit of the industry regulated.

S. G. Duncan, a NAMO member from New York State, named as problems: (1) the removal of marks on misbranded products, (2) use by shippers of descriptive terms instead of the regular grade terms, and (3) the decision whether to concentrate regulatory work at the level of the shipper, the wholesaler, or the retailer.

Later in the morning M. W. Baker, deputy director of the Fruit and Vegetable Branch, PMA, led a panel discussion of "Federal-State Inspection Problems." E. E. Conklin, also of that branch, in charge of fresh fruit and vegetable inspection, discussed the training of "collaborators." (These workers, in most cases State employees, receive no Federal pay.) Collaborators are stationed at terminal inspection points. They must de-



velop experience in a wide variety of commodities. Mr. Conklin looks forward to a time when it will be possible for each of them to go through a 30-day training school in one of the large terminal markets.

Robert Bier, also of the Fruit and Vegetable Branch, discussed increasing difficulties in obtaining the services of inspectors. He expects that it will be necessary to increase the recruiting of inspectors locally this summer and fall.

Warren Oley, director of the New Jersey Division of Markets, described a project in his State of checking the work of tomato inspectors with a colorimeter. The variation in the quality of the work of even good inspectors shows that close supervision and training of inspectors is essential.

In the afternoon Webster J. Birdsall, director of the New York Bureau of Markets, acted as chairman of a session on "Market News in the National Emergency." C. D. Schoolcraft, in charge of market news work in the PMA Fruit and Vegetable Branch, led the panel discussion. In this period of defense, Mr. Schoolcraft said, the job in market news work is basically the same as at any other time: To provide the most adequate and accurate market news on agricultural commodities possible, for all the people, with the funds, materials, and personnel at our disposal. He discussed the use of market news data as historical data for use in setting up ceiling prices during the last war. He said that he did not believe it would be good policy to send boiled-down versions of complicated price and commodity regulations over the leased wire, since the market news set-up was not staffed adequately to prepare these interpretations.

L. M. Davis, in charge of dairy and poultry market news in PMA, pointed out that one of the problems in market news work is the difficulty at times of persuading some traders to furnish market news reporters complete and accurate information on prices. Another problem is the decline of wholesale trading in the terminal markets. When sellers do not know what to charge until the market news report comes out, the market news people are put in the bad position of setting the price for the day. Mr. Davis said that for broilers, for example, the service is going back as far as the farm to report prices.

Howard L. Stier, chief of the Division of State Departments of Markets, Maryland, made some suggestions of ways in which he thought State market news people are in better position than Federal people to aid in the work:

1. Get into the market reports prices that more nearly reflect the farm price level.
2. Report prices for processing crop (for canning and freezing).
3. Try to show farmers how to use the price reports effectively.
4. Develop rapid media for the dissemination of reports (for example, more widespread radio dissemination).

5. Make surveys among report users, to determine how the reports are used and how they might be improved.
6. Summarize and chart the trends in price report data.

Mr. Stier believes that the Federal market news people are in better position to help than the State people in the following respects:

1. Aid the Federal Government to obtain background data for defense programs.
2. Trace the movement of commodities through retail channels.
3. Trace retail trends.
4. Obtain market supply information.
5. Obtain uniformity in the reporting of prices, from market to market.

S. R. Newell, chairman of the Crop Reporting Board of the Bureau of Agricultural Economics, discussed the impact of the national emergency on the work in his organization. He is receiving many requests for much finer breakdowns on crop production estimates, he said, and for information on the availability of farm labor and wages.

New officers of the association which were elected at the meeting for the next year are John A. Winfield (N. C.), president, and Clement Lyons (N. H.), secretary.

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#### AVAILABILITY OF LIQUID PETROLEUM GASES REDUCED

Liquefied petroleum gases have been available in great quantities during the postwar period. Their availability for general use is now being greatly reduced. Butane is required for the synthetic rubber program and for certain high octane gasolines. Propane is still available but the shortage of pressure tank cars is delaying deliveries. This condition will grow worse. For these reasons use of liquefied petroleum gases should be kept to a minimum except in areas within trucking distance of refineries where supplies are adequate.

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#### CONNECTICUT MARKET NEWS BULLETIN COMPLETES FIRST 30 YEARS

With its May 16 issue, the Connecticut Market Bulletin has completed 30 years of continuous publication. Issued thrice a week by the Connecticut Department of Farms and Markets, this market news publication aims at making "possible more equal opportunities for all in our market places."



# Marketing Briefs

(The Production and Marketing Administration announcements summarized below are more completely covered in press releases which may be obtained on request from the Office of Information, U. S. Department of Agriculture, Washington 25, D. C. by citing the code number given at the end of each item.)

Cotton.--An additional COTTON export allocation of 200,000 bales, bringing the total export allocation for cotton during the marketing season ending July 31, 1951, to 3,696,000 bales, has been announced. The additional allocation was distributed among certain of the "friendly" countries to which exports of cotton are limited under the export allocation program. (USDA 1091-51)...In a joint action by USDA and the U. S. Department of Commerce, export allocations have been established for both hard and soft cotton wastes, for the period from April 1 through July 31, 1951. The four-months allocation for hard wastes is set at 4,600,000 pounds. These wastes have been under export allocation since November 30, 1950. (USDA 823-51)...Plans for sale of remaining stocks of CCC-owned upland cotton have been announced. CCC holds about 10,000 bales of 1948-crop and 80,000 bales of 1949 crop, which will be sold after it has been reclassified. (USDA 936-51)

Dairy.--A proposal to increase price differentials for MILK in the Quad-Cities and Clinton, Iowa, marketing area has been denied by USDA. The Quad-Cities include Davenport, Iowa, and Rock Island, Moline and East Moline, Ill. (USDA 749-51)...The Federal Order regulating handling of milk in the Tulsa, Okla., marketing area has been amended to increase price differentials for Class I milk by twenty cents per hundredweight for all months of the year plus an additional 40 cents for July. (USDA 765-51)...Increase of 20 cents per hundredweight in the price differential for Class I milk under the Oklahoma City, Okla., milk marketing agreement and order also has been approved. (USDA 766-51)...The Wichita, Kan., milk marketing order has been amended to require milk plants to dispose of 15 percent of their receipts as Class I and Class II milk before being eligible to have their milk pooled. (USDA 767-51)

The Cincinnati, Ohio, milk marketing order has been amended to prevent a decline in the minimum farm price of Class I and Class II milk, and to increase the minimum farm price of Class III milk, October through February, by 30 cents per hundredweight. (USDA 768-51)...Pricing provisions of the Knoxville, Tenn., milk marketing order have been suspended to maintain the minimum Class I price differential at the present level of \$1.30 per hundredweight, pending a decision with respect to more permanent changes in the order. (USDA 774-51)...Amendment of the Louisville, Ky., milk marketing order has been approved. The changes will eliminate the reduction in the Class I price differential during the months April through August, and will provide for increased payments to producers during fall months. (USDA 1033-51)...The Nashville, Tenn., milk marketing order has been amended to make changes in classification



of milk. (USDA 1035-51)...A Federal order regulating the handling of milk in the Puget Sound, Wash., marketing area has been approved, effective May 1, 1951. Pricing and payment provisions of the regulation are effective June 1, 1951. The order, requested by several dairy farmer cooperatives in the area was approved by more than two-thirds of the dairy farmers regularly supplying the area. (USDA 1046-51)

USDA has recommended that the Chicago milk marketing order be merged with that of Suburban Chicago and that the milk marketing area there be enlarged to include Waukegan, Ill., and adjacent townships. (USDA 1065-51)...Following approval by more than two-thirds of the dairy farmers regularly supplying the market, USDA has terminated a provision of the Milwaukee, Wis., milk marketing order which provided a "base rating" method of determining payments to producers for milk. (USDA 1083-51)...CONCENTRATED MILK for fluid consumption has been classified as Class I milk through amendments to milk marketing orders covering the areas of Springfield, Worcester, (USDA 948-51) and Boston, Fall River, and Lowell-Lawrence of Massachusetts. (USDA 897-51)...Time for the filing of views and comments on proposed U. S. standards for grades of CREAM for use in the manufacture of BUTTER has been extended until June 30, 1951 from the previous deadline of April 15. The extension was made at the request of the dairy industry. (USDA 873-51)

Fats and Oils.--Increases in acreage allotments for 1951-crop PEANUTS to a total of 1,889,283 acres has been announced. A national allotment of 1,771,117 acres had been announced last October. The increased acreage was necessary to meet provisions of Public Law 17, of April 12, 1951, which made several changes in peanut acreage allotments. (USDA 959-51)

Fruits and Vegetables.--U. S. standards for BROCCOLI for processing were established, effective April 28, 1951. The standards are based on two years of study by the Department and growers and processors. (USDA 759-51)...Grade standards for frozen BRUSSELS SPROUTS were revised, effective about May 5, 1951. Changes were made in allowances for yellow-colored sprouts and for poorly trimmed and damaged units. (USDA 855-51)...Increase in the support price for 1951-crop HONEY has been announced. Support price for honey of wide acceptability for table use has been increased to 10.1 cents per pound, when packed in 60 pound containers. Support for honey of limited acceptability will remain at 9 cents per pound. (USDA 856-51)...U. S. standards for grades of canned GRAPE JUICE were revised effective about May 9, 1951. Under the changes, requirements for sugar and acid have been lowered and a new requirement has been added for sugar-acid ratio to reflect a more balanced flavor in each grade. (USDA 872-51)

Revision of U. S. standards for grades of frozen LIMA BEANS, which will cover new varieties which have been widely adopted by processors, has been proposed by USDA. (USDA 1023-51)...Meanwhile, a revision of U. S. standards for grades of canned LIMA BEANS was announced. These give consideration to the new varieties, and establish tolerances for extraneous vegetable matter, mashed and broken beans, etc., and make changes in the definition of defects and in tolerance for different grades. (USDA 1924-51)



"Legal minimum" prices for SPINACH for processing have been amended to group all states outside of California, Texas, New Jersey, Maryland-Virginia, and Arkansas-Oklahoma (which are separate pricing areas) into a single area for which the legal minimum price will be the same as the U. S. legal minimum price. As of January 15, 1951, this was \$58.50 per ton. Area legal minimum prices for the commodity are based on parity prices and are subject to change with changes in parity prices. (USDA 895-51)...At the recommendation of the North Central Potato Committee, the counties making up the geographical districts within Wisconsin and Michigan have been realigned. The committee administers the Federal marketing order which regulates the handling of Irish POTATOES grown in Michigan, Wisconsin, Minnesota, North Dakota and certain counties in Iowa and Indiana. (USDA 984-51)

Grain.--Sales by all exporting countries under the International WHEAT Agreement against 1950-51 quotas totaled 524,289,000 bushels as of April 20, 1951, leaving 38,256,000 bushels to be sold. The U. S. guaranteed quantity under the Agreement has been filled since March. (USDA 1053-51)...Revised United States Official Grain Standards for RYE, effective July 1, 1951, have been announced. Slight changes are made in the maximum limits for "thin" rye in the first 3 grades. (USDA 728-51)

There will be NO change in U. S. official standards for SOYBEANS at the present time. Requests were made by the American Soybean Association and the National Soybean Processors Association that the standards be revised to lower the maximum limits of moisture and foreign matter one percent in each numerical grade. After informal hearings and the consideration of written views, the Department decided that no change will be made at this time. (USDA 857-51)...Of the 195.5 million bushels of SOYBEANS processed during the crop-year 1949-50, almost 56 percent or 109.3 million bushels were processed by the solvent extraction method, approximately 41 percent, or 80.5 million bushels by the screw press process, and only 3 percent, or about 5.7 million bushels by the hydraulic press method. Crude oil yield per bushel was 9.9 pounds per bushel from the crop as compared with 9.8 pounds the previous year. Oil yield of 10.7 pounds per bushel from the solvent extraction process remained well above yields from other methods. (USDA 751-51)

Price support for 1951 crop rough RICE at not less than a national average of \$4.90 per hundredweight - 90 percent of parity as of February 15, 1951 - has been announced. In making the announcement, Secretary of Agriculture Charles F. Brannan urged farmers to cooperate in increasing production of this important food. (USDA 797-51)...Support prices, by class, grade, and area, for 1951 crop dry edible BEANS, which will reflect to growers an average of \$6.69 per hundredweight, uncleaned basis, have been announced. (USDA 1001-51)...Increase in the support price for GRAIN SORGHUMS from 65 to 75 percent of the January 15, 1951 parity level, has been announced. Under the change, the national average support price for grain sorghums grading No. 2 or better will be \$2.17 per hundredweight, with appropriate discounts for other eligible grades, and with adjustments, as determined by CCC, for application to terminal markets and counties. (USDA 1097-51)



Livestock.--Federal meat grading service fees were increased from \$3.00 to \$3.60 per hour, effective April 23, 1951. The increase was made to provide sufficient revenue to equal the cost of the service, which is a voluntary program offered to meat packers, processors, handlers, and others. (USDA 975-51)...Revision of lamb, yearling mutton, and mutton carcass grades and grades for slaughter (live) lambs and sheep became effective April 30, 1951. The changes in carcass grades combine former Prime and Choice grades under the name Prime and redesignate Good grade as Choice. In addition, the upper two-thirds of the Commercial grade will be named Good. The remaining one-third of Commercial will be combined with the upper two-thirds of the Utility grade and will carry the name Utility. The remainder of Utility is combined with the Cull grade under the name Cull. The grade changes for slaughter animals have been changed to bring them into line with the changes outlined for carcass grades. (USDA 794-51)

Poultry.--Regulations governing the voluntary poultry grading and inspection services have been amended to extend the period of exemption of dressed poultry from the provisions of the sanitary requirements from May 1 to July 1, 1951. Action was taken as the result of industry requests which were promoted by the scarcity of certain facilities and equipment. (USDA 1075-51)...Proposed revisions in inspection and grading regulations for ready-to-cook RABBITS under which only those rabbits which have been officially inspected for condition and wholesomeness may be officially graded for quality have been announced. (USDA 926-51)...All poultry inspection and grading work, now under the administrative direction of the Dairy Branch, PMA, will be transferred to the Poultry Branch of that agency, effective July 1, 1951. (USDA 1052-51)

Sugar.--Revised procedure for approval of export licenses for sugar have been announced. Effective April 30, 1951, license applications involving more than 1,000 tons of sugar will be approved only upon certification that the sugar to be exported is foreign world sugar imported under bond for refining and re-export. Previously, licenses were issued for such quantities on the basis of individual merit. License application for less than 1,000 tons will be handled by the U. S. Department of Commerce, as in the past. (USDA 1087-51)...Minimum wage requirements for work on the 1951 crop of SUGAR BEETS, in regions other than California, southwestern Arizona, and southern Oregon, have been announced. Minimum wages for the latter regions were announced previously. (USDA 783-51)...Handicapped sugar beet workers in California, southwestern Arizona, and southern Oregon must be paid at least two-thirds basic wage rates applicable to non-handicapped workers. (USDA 964-51)...A proposed revision of U. S. standards for grades of MAPLE SIRUP has been announced. The changes would cover table maple sirup and maple sirup for reprocessing. (USDA 973-51)

Tobacco.--The 1951-crop tobacco price-support loan program for U.S. and Puerto Rican tobaccos, and minimum support levels for the various types of tobaccos, have been announced. Loans will be available at 90 percent of parity, except that loans on fire-cured tobacco will be at 75 percent of the Burley rate and on dark air-cured and Virginia sun-cured at 66-2/3 percent of the Burley rate. Growers of Maryland tobacco, type



32, and Pennsylvania Seedleaf, type 41, will not receive price support on their 1951 crops as they disapproved quotas in recent referenda. (USDA 932-51)...The schedule of loan rates and the average level of CCC loans on 1950-crop Maryland type 32 tobacco, effective during the marketing season opening this May, have been announced, at an average of 48.6 cents per pound. (USDA 931-51)

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#### Defense Notes

According to NPA, elimination of spare tires as original equipment on new passenger automobiles has resulted in a weekly production increase of 35,000 truck and bus tires and 15,000 tractor and farm equipment tires. Further increase in the supply of truck, tractor and farm equipment tires is expected by NPA from its rubber order of this month which permits production of these tires to rise to 100 percent of the production level in the fiscal year 1950, while cutting passenger car replacement tire production to 90 percent of that base period.

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An adequate supply of containers for liquid pesticides, both in five and fifty-five gallon sizes should be available during May and June this year. NPA, at the suggestion of USDA, has issued a directive to steel drum manufacturers to deliver what is felt to be an adequate supply of these containers to pesticide producers and formulators during these two months. Users of the drums must certify that the drums which they order under this program will be used for the shipment of liquid pesticides usually used for crop protection. USDA scientists who have made studies of liquid pesticides warn that they will deteriorate if stored in metal drums over a prolonged period of time.

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Conservation of all containers for re-use or re-sale is important. The supply situation is tight with respect to practically all types of containers--wooden, both nailed and wire-bound, tight and slack cooperage (all barrels), steel drums, and cotton and burlap bags. In addition to previous shortage of nails and wire, advisory committees representing wooden container manufacturers in recent meetings with NPA, have expressed anxiety over wood shortage which they said was due to curtailed log operations owing to severe winter weather in some areas. These manufacturers said that they were unable to compete in price for available logs in some instances. With respect to steel containers, shortage of the metal is acute. NPA is considering limitations on use of new and used steel drums. Secretary of Agriculture Brannan has urged farmers to handle textile bags with care and see that they are salvaged for re-sale or re-use. Any efforts to encourage container salvage and re-use will be time well spent.

## ABOUT MARKETING

The following addresses and publications, issued recently, may be obtained upon request. To order, check on this page the publications desired, detach and mail to the Production and Marketing Administration, U. S. Department of Agriculture, Washington 25, D. C.

### Addresses:

Statement by Secretary of Agriculture Charles F. Brannan on Farm Prices, February 9, 1951. 11 pp. (Processed)

Food Prices and Farm Returns, a statement by Secretary of Agriculture Charles F. Brannan presented to House Committee on Agriculture, April 24, 1951. 8 pp. (Processed)

Rice In a Changing World, a talk by Under Secretary of Agriculture Clarence J. McCormick before national convention of National Rice Industries, Houston, Texas, April 24, 1951. 10 pp. (Processed)

The World Fats and Oils Situation, by Robert M. Walsh, Deputy Director, Fats and Oils Branch, at the Third Annual Tri-State Soybean Conference of Processors and Agronomists from Illinois, Indiana, Ohio, March 22, 1951. 4 pp. (Processed)

Research in Truck Transportation of Perishable Products, address by J. C. Winter, Staff Asst. for Transportation, Marketing and Facilities Research Branch at the 1951 Spring Meeting of American Trucking Assn., Inc., San Francisco, Calif., May 17, 1951. 10 pp. (Processed)

### Publications:

Merchandising Reconstituted Frozen Concentrated Orange Juice Through the Use of Mechanical Dispensers. March 1950. 18 pp. (PMA) (Processed)

Market Outlets for Cotton in Knit Goods. April 1951. 17 pp. (PMA) (Processed)

Changes in Egg Quality During Storage. April 1951. 11 pp. (PMA) (Processed)

Consumer Purchases of Selected Fresh Fruits, Canned and Frozen Juices, and Dried Fruits in February 1951. April 1951. 22 pp. (PMA, cooperating with BAE) (Processed)

Consumer Purchases of Selected Fresh Fruits, Canned and Frozen Juices, and Dried Fruits in March 1951. May 1951. 22 pp. (PMA, cooperating with Bureau of Agricultural Economics) (Processed)



ABOUT MARKETING (Cont'd)

United States Standards for Grades of Frozen Brussels Sprouts, Effective May 11, 1951. April 4, 1951. 8 pp. (PMA) (Processed)

U. S. Standards for Grades of Canned Lima Beans, Effective May 28, 1951. April 23, 1951. 10 pp. (PMA) (Processed)

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